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For Immediate Release

January 7, 2009

BALTIMORE CITY COUNCILMEMBER HELEN L. HOLTON AND BUSINESSMAN RONALD LIPSCOMB CHARGED CRIMINALLY

State Prosecutor, Robert A. Rohrbaugh, has announced today that criminal charges have been filed against Baltimore City Councilmember Helen L. Holton and businessman Ronald H. Lipscomb.

The Grand Jury of Baltimore City indicted Helen L. Holton, 48, in a four (4) count indictment which charges her with bribery, perjury, malfeasance in office and nonfeasance in office. The charges stem from a payment of twelve thousand, five hundred dollars (\$12,500) made by Lipscomb's company, Doracon Contracting, Inc. in 2007 for a political survey which was performed by a third party company. At the time, Ms. Holton was seeking re-election as a Baltimore Council member. According to the indictment, Ms. Holton requested the twelve thousand, five hundred dollar (\$12,500) invoice be sent directly to Doracon which Doracon paid. At the same time, Lipscomb, who was a partner in a number of real estate development projects throughout Baltimore City, was seeking tax incentives from the City for one of the projects in which he was a partner.

Ms. Holton was required to file, under oath, a Financial Disclosure Report listing any gifts received, directly or indirectly, from persons whose activity was regulated or controlled by the Baltimore City Council or who had a financial interest that might be substantially affected by the performance or non-performance of her official duties. Ms. Holton's report for 2007 calendar year, which she signed under the penalty of perjury, failed to disclose the payment that Lipscomb allegedly made on her behalf to the third party company.

If convicted of the bribery, Ms. Holton faces a maximum penalty of imprisonment for not less than two (2) years and not exceeding 12 years or a fine of not less than one hundred dollars (\$100) and not exceeding \$5,000 or both. The perjury charge carries a maximum penalty of imprisonment not exceeding ten (10) years. Malfeasance is doing under the color of office an act which is prohibited. Nonfeasance is failing to do an act

which the person is required to do. The charges of malfeasance and nonfeasance in office are common law offenses which carry no specific periods of incarceration, except that any punishment cannot be cruel and unusual.

Ronald H. Lipscomb, 52, is a resident of Prince George's County and his main office at Doracon Contracting, Inc. is located on Biddle Street in Baltimore City. Mr. Lipscomb is charged with one (1) count of bribery related to the alleged payment of the twelve thousand, five hundred dollars (\$12,500) invoice to a third party made on behalf of Ms. Holton. If convicted of the bribery, Mr. Lipscomb faces a maximum penalty of imprisonment for not less than two (2) years and not exceeding 12 years or a fine not less than one hundred dollars (\$100) and not exceeding \$5,000 or both.

Although charged, Ms. Holton and Mr. Lipscomb are presumed innocent unless and until there is a conviction. Criminal summonses have been issued for both Ms. Holton and Mr. Lipscomb and no court date has been set.

The State Prosecutor, Robert A. Rohrbaugh, said, "The public's trust in their elected officials is essential to the proper functioning of government. Baltimore City has enacted laws which are intended to assure the public trust will not be violated. Such laws are not to be ignored by the very officials who have enacted the law. The citizens of Baltimore have every right to expect their public officials will not be influenced by personal motives, greed or gain."

For further inquiries, contact Deputy Assistant State Prosecutor Thomas "Mike" McDonough.

STATE OF MARYLAND

* IN THE

VS

* CIRCUIT COURT

HELEN L. HOLTON

FOR BALTIMORE CITY

INDICTMENT

The Grand Jurors of the State of Maryland for the City of Baltimore do on their oath present:

FACTS COMMON TO ALL COUNTS

- 1. At all times pertinent, Ronald H. Lipscomb (hereinafter sometimes referred to as "Lipscomb") owned, controlled and operated various business entities which did work, directly and indirectly, with and for the City of Baltimore including Doracon Contracting, Inc. (hereinafter sometimes referred to as "Doracon").
- 2. From approximately 2003 through at least December 2007, Lipscomb owned a percentage of Presidential Investors Limited Partnership, LLLP which entity developed various parcels of real property in and around Aliceanna Street, including projects commonly referred to as the Four Seasons Hotel, the Legg Mason Tower, Laureate Education, Spinnaker Bay, the Marriott Waterfront Hotel Garage, the Promenade, and other projects (hereinafter collectively referred to as the "Inner Harbor East Project").

- 3. The Four Seasons Hotel/ Legg Mason Office Tower project was, and is, developed on a portion of land known as Parcel D which is a part of the Inner Harbor East Project (hereinafter referred to as "Parcel D").
- 4. The Homewood Suites/Laureate Education, Inc. project was, and is, developed on a portion of land known as Parcel B which is a part of the Inner Harbor East Project (hereinafter referred to as "Parcel B").
- Among other things, Lipscomb's role in the Parcel D project was to "manage and deliver public incentives including TIF or Pilot funding", according to a memorandum prepared on or about July 31, 2003.
- 6. At all times pertinent, Ronald H. Lipscomb was a person seeking to do business with the Baltimore City Council, was engaged in activity regulated and controlled by the Baltimore City Council, and had financial interests that might be substantially and materially affected, in a manner distinguishable from the public generally, by the performance or non-performance of official duties of Councilwoman Helen L. Holton.
- 7. At all times pertinent, Helen L. Holton was a member of the Baltimore City Council.
- 8. Prior to January 2007, Helen L. Holton served as Chairperson of the Economic Development and Public Financing Subcommittee and commencing on or after January.
 2007, Helen L. Holton served as the Chairperson of the Taxation and Finance Committee.
- 9. At all times pertinent, as a member of the Baltimore City Council, Helen L.
 Holton was prohibited by the Baltimore City Ethics Ordinance from soliciting or
 accepting gifts from any person seeking to do business, in any amount with the Baltimore

City Council, or engaged in activity regulated or controlled by the Baltimore City

Council, or with a financial interest that might be substantially and materially affected, in
a manner distinguishable from the public generally, by the performance or nonperformance of her official duties.

- 10. On or about December 8, 2005, a bill identified by Legislative File ID 05-0301 (hereinafter referred to as "Bill 05-0301") was introduced to the City Council to authorize certain tax incentives for the Parcel B portion of the Inner Harbor East project. The bill authorized a Payment In Lieu Of Taxes (commonly known as a PILOT and hereinafter referred to as a "PILOT") and was assigned to the Economic Development and Public Financing subcommittee, chaired by Councilwoman Helen L. Holton.
- 11. On or about May 23, 2006, Councilwoman Helen L. Holton met with representatives of the Inner Harbor East project regarding the proposed PILOT for Parcel B of the Inner Harbor East project.
- 12. On May 31, 2006 at 6:04 p.m., a 2-minute call was placed from the telephone of Helen L. Holton to the telephone of Lipscomb.
- 13. On or about June 1, 2006 a public hearing was held by the Economic Development and Public Financing Subcommittee on the proposed PILOT for Parcel B of the Inner Harbor East project.
- 14. On or about June 12, 2006 at 2:47 pm, a 2-minute call was made from HelenL. Holton's telephone to Lipscomb's phone.
- 15. On or about June 12, 2006, at the regularly scheduled 3:00 p.m. meeting of the Baltimore City Council, Councilwoman Helen L. Holton, acting for the Economic Development and Public Financing Subcommittee, reported favorably to the City Council

on Bill 05-0301, the proposed PILOT for Parcel B portion of the Inner Harbor East project.

- 16. From June 13, 2006, through June 20, 2006, approximately seven (7) telephone calls were made between Helen L. Holton and Lipscomb or his business, Doracon Contracting, Inc.
- 17. On or about July 10, 2006, Bill 05-0301, the proposed PILOT for the Parcel B portion of the Inner Harbor East project was authorized by the City Council, with Councilwoman Helen L. Holton abstaining.
- 18. On or about January 30, 2007, Councilwoman Helen L. Holton was appointed as the Chairperson of the Taxation and Finance Committee.
- 19. During the period from approximately January, 2007 through approximately June, 2007 Ronald H. Lipscomb and other partners of the Inner Harbor East project continued to communicate with and about Councilwoman Helen L. Holton concerning the specific terms of the proposed PILOTs for Parcels B and D.
- 20. On or about April 19, 2007, Ronald H. Lipscomb was scheduled to meet with Councilwoman Helen L. Holton regarding the specific conditions of the PILOT agreement for the Parcel B portion of the Inner Harbor East project.
- 21. On or about April 19, 2007 at approximately 2:43 p.m. a telephone call was placed from Doracon Contracting to Helen L. Holton which telephone call lasted 8 minutes.
 - 22. On or about June 4, 2007, a Baltimore City Council Bill, Legislative ID

number 07-0700 (hereinafter "Bill 07-0700") pertaining to the Parcel D portion of the Inner Harbor East project was introduced to the Baltimore City Council and assigned to the Taxation and Finance Committee chaired by Councilwoman Helen L. Holton.

- 23. The purpose of Bill 07-0700 was to permit a Payment In Lieu Of Taxes ("PILOT") for the Parcel D portion of the Inner Harbor East project.
- 24. On or about June 15, 2007, Councilwoman Helen L. Holton was scheduled to meet with Ronald Lipscomb and two of his partners in the Inner Harbor East project, which meeting was later cancelled.
- 25. In approximately June or July, 2007, the exact date being unknown to the grand jury, Helen L. Holton contacted the owner of Company Z, whose identity is known to the grand jury, and requested that he conduct an election survey for her. He agreed to do so.
- 26. In June or July, 2007, the exact date being unknown to the grand jury, the owner of Company Z met with Councilwoman Helen L. Holton at her residence where a questionnaire was prepared to be used for the survey requested by Councilwoman Holton.
- 27. In July, 2007, the exact date being unknown to the grand jury, the owner of Company Z sent an invoice in the amount of twelve thousand five hundred dollars (\$12,500.00) to Councilwoman Helen L. Holton to pay for the survey.
- 28. On or about July 19, 2007, the Taxation and Finance Committee of the Baltimore City Council held a public hearing on Bill 07-0700. Of the five members of the Committee, Chairperson Helen L. Holton and two other committee members voted

to report favorably on the Bill, with amendments. One member was absent and the fifth member abstained.

- 29. Prior to July 27, 2007, the exact date being unknown to the grand jury, Councilwoman Helen L. Holton requested that the owner of Company Z reissue its invoice and send it to Doracon Contracting, Inc.
- 30. On or about July 27, 2007, Company Z reissued its invoice for the survey performed on behalf of Councilwoman Helen L. Holton in the amount of twelve thousand, five hundred dollars (\$12,500.00) to Doracon Contracting, Inc.
- 31. On or about July 30, 2007, Doracon Contracting, Inc. issued a check in the amount of \$12,500 to Company Z.
- 32. Between approximately July 30, 2007 and August 9, 2007, Company Z used the twelve thousand, five hundred dollars (\$12,500) to perform an election survey on behalf of Councilwoman Helen L. Holton.
- 33. On or about August 9, 2007, Councilwoman Helen L. Holton received the survey results from Company Z; she then forwarded the information via e-mail to Lipscomb.
- 34. On or about August 13, 2007, Helen L. Holton reported Bill 07-0700 favorably with amendments to the City Council.
- 35. On or about September 12, 2007, the Baltimore City Board of Estimates approved the funding agreements and PILOT for Parcel B of the Inner Harbor East project.
 - 36. On or about September 24, 2007, the City Council approved Bill 07-

0700, authorizing tax relief benefits in the form of a Payment in Lieu of Taxes (PILOT) for Parcel D of Inner Harbor East, with Councilwoman Helen L. Holton casting her vote in favor of the Bill.

- 37. On or about April 30, 2008, Helen L. Holton filed, under oath as required by law, her Financial Disclosure Statement for the calendar year 2007 (hereinafter "Financial Disclosure Statement") with the Baltimore City Ethics Board.
- 38. In her Financial Disclosure Statement, Helen L. Holton was asked whether she had received any significant gifts, directly or indirectly, from any person that does business with the City or is regulated or lobbies before the City during calendar year 2007. Helen L. Holton answered "yes" to the question and attached Schedule 4 which required a description of all gifts. In response to the question on Schedule 4 about the nature of the gifts, Helen L. Holton responded: "events for which all council members were invited." No other gifts were disclosed.

COUNT I

BRIBERY (Criminal Law Article, Section 9-201)

- 39. The allegations contained in paragraphs 1 through 38 are re-alleged and incorporated herein as if set forth in full.
- 40. On or about July 30, 2007, the exact date to the Grand Jury being unknown, at Baltimore City, Maryland

HELEN L. HOLTON

who was then and there a duly elected member of the Baltimore City Council, did receive a bribe, reward, fee and testimonial, to influence her in the performance of her official duties, to wit: the payment of **TWELVE THOUSAND FIVE HUNDRED DOLLARS** (\$12,500.00) to Company Z by Ronald H. Lipscomb and Doracon Contracting, Incorporated on behalf of the said Helen L. Holton, against the peace and dignity of the State.

COUNT II

Malfeasance in Office (Common Law)

41. The allegations contained in paragraphs 1 through 38 are re-alleged and incorporated herein as if set forth in full.

42. Between on or about January, 2007 and September 24, 2007, the exact dates to the Grand Jury being unknown, at Baltimore City, Maryland

HELEN L. HOLTON

who was then and there a duly elected member of the Baltimore City Council, in violation of her duties as a member of the Baltimore City Council, did solicit and accept a gift; to wit: the sum of TWELVE THOUSAND FIVE HUNDRED DOLLARS

(\$12,500.00) paid to Company Z on behalf of the said Helen L. Holton from Ronald H.

Lipscomb and Doracon Contracting, Incorporated, who were then and there persons seeking to do business with the Baltimore City Council, engaged in activity regulated and controlled by the Baltimore City Council, and with financial interests that might be substantially and materially affected, in a manner distinguishable from the public generally, by the performance or non-performance of official duties of Councilwoman Helen L. Holton, against the peace and dignity of the State.

COUNT III

(Perjury - Criminal Law Article, §9-101)

- 43. The allegations contained in paragraphs 1 through 38 are re-alleged and incorporated herein as if set forth in full.
 - 44. On or about April 30, 2008, at Baltimore City, Maryland

HELEN L. HOLTON

who was then and there a duly elected member of the Baltimore City Council, filed and caused to be filed, under oath subject to the penalties of perjury, a signed statement titled

"Financial Disclosure Statement" for the reporting period January 1, 2007 through December 31, 2007 (hereinafter "Calendar 2007 Financial Disclosure Statement") which Calendar 2007 Financial Disclosure Statement was required by law to be submitted and filed with the Baltimore City Ethics Board, and which was willfully, materially and knowingly false in that the said **HELEN L. HOLTON**, did willfully and knowingly fail to disclose on her annual financial disclosure statement filed with the Baltimore City Ethics Commission a gift of TWELVE THOUSAND FIVE HUNDRED DOLLARS (\$12,500.00) paid to Company Z on behalf of the said Helen L. Holton by Ronald H. Lipscomb and Doracon Contracting, Incorporated, who were then and there persons seeking to do business with the Baltimore City Council, engaged in activity regulated and controlled by the Baltimore City Council, and with financial interests that might be substantially and materially affected, in a manner distinguishable from the public generally, by the performance or non-performance of official duties of Councilwoman Helen L. Holton, in violation of Criminal Law Article, § 9-101 and against the peace and dignity of the State.

COUNT IV

Nonfeasance in Office (Common Law)

- 45. The allegations contained in paragraphs 1 through 38 are re-alleged and incorporated herein as if set forth in full.
 - 46. On or about April 30, 2008, at Baltimore City, Maryland

HELEN L. HOLTON

who was then and there a duly elected member of the Baltimore City Council, in willful violation of her duties as a member of the Baltimore City Council, did fail to disclose on her annual financial disclosure statement filed with the Baltimore City Ethics

Commission a gift of TWELVE THOUSAND FIVE HUNDRED DOLLARS

(\$12,500.00) paid to Company Z on behalf of the said Helen L. Holton by Ronald H.

Lipscomb and Doracon Contracting, Incorporated, who were then and there persons seeking to do business with the Baltimore City Council, engaged in activity regulated and controlled by the Baltimore City Council, and with financial interests that might be substantially and materially affected, in a manner distinguishable from the public generally, by the performance or non-performance of official duties of Councilwoman Helen L. Holton, against the peace and dignity of the State.

Robert A. Rohrbaugh

Maryland State Prosecutor

STATE OF MARYLAND

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RONALD HOLT LIPSCOMB

FOR BALTIMORE CITY

INDICTMENT

The Grand Jurors of the State of Maryland for the City of Baltimore do on their oath present:

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- 7. At all times pertinent, Helen L. Holton was a member of the Baltimore City Council.
- 8. Prior to January 2007, Helen L. Holton served as Chairperson of the Economic Development and Public Financing Subcommittee and commencing on or after January, 2007, Helen L. Holton served as the Chairperson of the Taxation and Finance Committee.
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RONALD HOLT LIPSCOMB

did bribe Helen L. Holton, who was, then and there, a duly elected member of the Baltimore City Council to influence her in the performance of her official duties, to wit:

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Robert A. Rohrbaugh

Maryland State Prosecutor